



**MINUTES OF THE PUBLIC HEARING
OF MONDAY, AUGUST 4, 2008
REGARDING THE ESTABLISHMENT OF THE
FISCAL YEAR 2008 PROPERTY TAX RATE**

1. CALL TO ORDER

Mayor David Willson called the Public Hearing of the Board of Aldermen to order at 7:30 p.m.

2. ROLL CALL AND STATEMENT OF QUORUM

Roll call showed those present were Alderman Clement, Alderman Steinbrenner, Alderman Hamill, Alderman Ottenad, Alderman Diehl, Alderman Ryan, Mayor Willson, and Attorney Gunn. A quorum was present.

The following notice of the public hearing was then read:

“The Board of Aldermen of the City of Manchester will hold a public hearing at 7:30 p.m. on August 4, 2008 at Manchester City Hall, 14318 Manchester Road, at which time citizens may comment on the proposed 2008 Property Tax Levy for the City’s General Operating Fund and Debt Service Fund.”

Mayor Willson outlined the public hearing process. He said we would first hear from the proponents, then the opponents, comments or questions from the public, and comments or questions from the Board of Aldermen.

Speaking as a proponent, Director of Finance Michelle DePew discussed the process used in setting the tax rate levies. She said the City works closely with the Missouri State Auditor’s Office and the St. Louis County Board of Equalization in order to compute the maximum allowable rate the City could levy for the General Operating Fund and the Debt Service Fund. She advised that the final assessment has not been received from St. Louis County, nor have the levies been certified by the State Auditor, but that is expected before the next meeting.

Ms. DePew advised that the maximum levies could be for residential 37.9 cents per \$100 of assessed valuation; for agricultural – no real estate was recognized as agricultural at this time; for commercial 34.7 cents per \$100 of assessed valuation, and for personal property, the levy could be 38.5 per \$100 of assessed valuation.

Ms. DePew said that staff is recommending that the Board of Aldermen continue with the levy rate of five cents on all classes of property for general operations. A rate of five cents per class will generate approximately \$182,462 in General Revenue for the General Fund. The maximum levy that could be asserted for the Debt Service Fund is 19.3 cents, decreased from the recent 20 cent levy the Board of Aldermen approved in previous years with Proposition S. The debt service rate is directly related to an increase in the assessed valuation of the property located within Manchester. She said that the collection of the 19.3 cents will fund the necessary debt service payment, and is estimated to generate \$704,305.

There were no opponents.

Mr. Ed Spatz, 504 Wren, asked how the total matches with the current. He asked if the Finance Director is suggesting increasing, decreasing, or holding the current tax rates.

Ms. DePew answered that she is suggesting holding the same rates as the previous year.

Mr. Spatz asked if Ms. DePew took into consideration the situation the City is facing and the amount of money on hand.

Ms. DePew answered that this is the tax on real and personal property and has nothing to do with Pace Properties.

Mr. Spatz asked for the amount of the reserve balance.

Ms. DePew said that the City has an 80% reserve now; the City is required to keep a 20% reserve in the General Fund. She said there is about \$7 million in reserves.

Mr. Spatz said he has been hearing some good things about the City. He said he didn't realize that the sales tax for the new development is separate from the rest of the City, and that pleases him. He said that everyone involved in the new development should be complimented very highly.

There were no additional comments from the public, and no comments or questions from the Board of Aldermen.

Mayor Willson closed the public hearing at 7:41 p.m.

Respectfully submitted,

Ruth E. Baker, MRCC
City Clerk



MINUTES OF THE REGULAR BOARD OF ALDERMEN MEETING OF MONDAY, AUGUST 4, 2008

1. CALL TO ORDER

Mayor David Willson called the August 4, 2008 Regular Meeting of the Board of Aldermen to order at 7:41 p.m.

Following the Pledge of Allegiance, President of the Board Marilyn Ottenad gave the invocation.

2. ROLL CALL AND STATEMENT OF QUORUM

Roll call showed those present were Alderman Clement, Alderman Steinbrenner, Alderman Hamill, Alderman Ottenad, Alderman Diehl, Alderman Ryan, Mayor Willson, and Attorney Gunn. A quorum was present.

3. APPROVAL OF THE MINUTES

a. Minutes of the July 21, 2008 Regular Board of Aldermen meeting

Alderman Ryan made the motion to approve the Minutes of the July 21, 2008 Regular Board of Aldermen meeting as amended. The motion was seconded by Alderman Clement and carried unanimously.

4. ESTABLISHMENT OF ORDER OF ITEMS ON THE AGENDA

Alderman Diehl stated that he would like to postpone the reading of item 9 (a), Bill 08-1993, until the August 18, 2008 meeting.

Alderman Ottenad made the motion to approve the Order of Items on the Agenda as amended. The motion was seconded by Alderman Steinbrenner and carried unanimously.

5. CONSIDERATION OF PETITIONS AND COMMENTS FROM THE PUBLIC

a. Comments from the public

Mr. Gary Feder, Attorney at Law at Husch, Blackwell, Sanders, 190 Carondelet Plaza, said he is the attorney for Pace Properties and affiliates. He said he was at the meeting to discuss a non-agenda item.

Mr. Feder said the Board is aware of the Pace and City issues that have gone back and forth in discussion between Attorney Gunn and him, and other staff members over the better part of this year and as far back as the summer of 2007. Mr. Feder said that Pace believed all those issues were being resolved as a package in mid June when the Board took up for a final vote amendments to the Redevelopment Agreement and the District Development Agreement, known as the TIF and TDD agreements. He said they believed the two amendments, if adopted together, would settle for the benefit of Pace and the City differences of opinion between the parties regarding the timing of the issuance of TIF notes, and by timing, therefore, also the interest rate to be paid, because in the Redevelopment Agreement, the interest is time-driven and applicable to the prime rate. Mr. Feder advised that Pace has felt that absent an agreement, they would need to file a Declaratory Judgment lawsuit against the City to have a court determine the timing and rate; this was not a request to increase the TIF but to clarify a difference of legal interpretation between the parties.

Mr. Feder said that Pace felt and feels now that if this matter would be heard in the Court, the Court would agree with Pace's belief that a TIF note should have been issued by the City to Pace no later than October 6, 2007, with an interest rate of 7 ¾%. Mr. Feder said that staff of the City felt otherwise, and a compromise position to avoid litigation was suggested by City staff and by him to establish a rate of 6.5% because that had been the prime rate during a good part of the period in controversy.

Mr. Feder said that Pace voluntarily agreed to a lower compromised rate; however, they asked that in doing so, the language change being suggested for the TIF agreement also be mirrored in the TDD agreement. He said this is because the two documents were executed on the same date in December, 2005, had identical language regarding interest, and because an adjustment in the TDD rate would lessen the overall economic impact of the compromise on TIF interest and it would make the overall package acceptable to Pace. He said it did not seem to them then or now that the amendment to the TIF agreement constituted a significant request because, as is known, the TDD interest is not paid by the City but rather by the TDD itself from additional sales tax collected.

Mr. Feder said his discussions with staff indicated that they would recommend the change to both the TIF and TDD documents, recognizing that as an overall economic package.

Mr. Feder said that Pace has not signed the Third Amendment authorized by the Board, because to do so without a change to the TDD agreement was not the package which the staff and he discussed. He said it was not the package that Pace deemed acceptable, and it did not constitute a fair result for Pace.

Mr. Feder said that although not discussed specifically in the form of the amendment to the Redevelopment Agreement, Pace had anticipated also waiving a long-standing claim it had with reference to the detention basin installed in the future police facility site. He said that Pace has consistently taken the position, and continues to take the position, that the provision in the Redevelopment Agreement, Section 3.5 deals with Pace's obligations to put the future police facility site in what is referred to as "construction ready condition", and does not include installing a detention basin. Mr. Feder said that Pace did, at its own expense of \$350,000, install a detention basin and Pace felt it could waive a claim for reimbursement if the amendments were both approved by the Board. Mr. Feder said this position was expressed by himself to Attorney Gunn and other staff members on a number of occasions, and Attorney Gunn and staff did not agree that the cost was subject to reimbursement by the City. He said he thinks clearly Attorney Gunn and the staff realize that this issue was one that Pace took seriously and that this would be the second claim in a declaratory judgment action if one was filed by Pace, because it also arose under language in the Redevelopment Agreement.

Mr. Feder said they have sought since mid June to work with staff and to some extent, with the Board, to see if they could resuscitate the TDD amendment since the Third Amendment to the Redevelopment Agreement, the TIF agreement, had already been passed by the Board. Mr. Feder said that because there seems to be some continued opposition to that amendment, the TDD amendment, they tried in the last week to see if they could suggest an approach that would avoid having to enact any further TDD amendment but still provide Pace with something that is fair, economically feasible, and consistent with prior discussions.

Mr. Feder said he sent to Attorney Gunn this afternoon a substitute version of the Third Amendment. Mr. Feder explained that a Third Amendment substitute would have to be passed because there is already one that is on the books, and if there is some accommodation reached, that one would have to be rescinded and a substitute put in its place. Mr. Feder said that he is not sure if the Board has had an opportunity to look at the Third Amendment substitute, but it does touch on each of the issues described in his remarks. He said he wants to emphasize that this document is intended as a stand-alone document, one that would not require any further action to the TDD agreement which would remain in place as it stands.

Mr. Feder said this proposed substitute document does the following: Does not offer a fixed compromise rate on TIF interest but confirms the understanding that Pace was eligible for a TIF note on October 6, 2007, and subsequently on March 21, 2008. He said under the existing Redevelopment Agreement there is language that would create interest at 7.75% and 6% respectively.

Mr. Feder said that the proposed document adds a section to the Redevelopment Agreement specifically obligating Pace to construct, install, and ultimately dedicate to the City the underground detention basin on the future police facility site, and it confirms Pace's desire to convey the deed to the future police site to the City.

Mr. Feder said the City wants to receive immediately a deed, and Pace wants to receive immediately TIF notes which they believe should have been issued months ago. Mr. Feder said that authorization by the City of the substitute amendment he has discussed tonight or the previously-offered TDD amendment would cause Pace to convey the deed. He said that in the interim, Pace would, if there is some general sentiment in favor of either the substitute legislation or the TDD amendment as previously considered, grant a short-term license for the City to begin its work on the police facility site prior to the actual conveyance.

Mr. Feder reviewed items not included in the new substitute Bill: The Redevelopment Agreement has previously established a principal amount of assistance on this project without reference to interest; there is a cap on the maximum reimbursable amount of \$50.3 million, and this document has never sought to cap interest either as to amount or by establishing a final date on which interest can be earned. He said that with all due respect to the Board, that request is something they cannot do because as a matter of financing, the TIF notes have been pledged as collateral, and with the difficult kind of lending situation that exists in the country at this time, Pace cannot put a cap on interest; it is simply not something that is feasible. Mr. Feder suggested that the Board consider with bond counsel whether this would be an ordinary or customary provision to include in a document of this kind. He said there was nothing in the agreement as to interest for a reason, and they would suggest that they cannot accommodate a provision of that kind.

Mr. Feder said that there has been an excellent relationship between the parties for many years, they have consistently worked together on litigation that sought to stop this project, worked together on numerous lawsuits and were victorious together. Mr. Feder said they have no desire to be on the opposing side of litigation with the City of Manchester, but they do need a solution, either one that can be worked out together or one where the court is asked to determine this matter.

Mayor Willson said he would entertain brief questions and brief answers at this time, but not a debate at this time.

Alderman Hamill said that Mr. Feder had mentioned that the first TIF note would be effective as of October 6, 2007 and have an effective interest of 7.75%, and the subsequent certificate of reimbursable costs of March 21, 2008 would have an interest rate of 6%. He said it was his understanding that once the first interest rate was set, that would apply for all the TIF costs.

Mr. Feder said that his understanding is that if the language stays in place, every TIF note that is issued is tied to the prime rate that is in place at the time of the issuance plus basically 30 days which is the time the City has to review the request. He said his understanding is that according to numbers produced by Gilmore and Bell, the prime rate would dictate a rate of 6%. He said he believes the language in the agreement ties every note to the time in which the request is made and to the prime rate that is applicable at that time, unlike the compromise they had previously suggested which would suggest a fixed rate that would not be tied to anything because it would be a fixed rate.

Mr. Doug Huff, Pace Properties, 1401 S. Brentwood Blvd., said that he wanted to discuss the same topic with a different course of history. He said he was instrumentally involved in all these discussions, and he finds it hard to believe he is at the meeting this evening, but he is beginning to get a clear picture why he is. Mr. Huff said that they never talked in terms of bringing litigation against the City on an issue this minor; it never entered his mind to think about it, even six months ago when they first discussed the topic of how to handle the detention facility in the first instance and the interest rates on the notes in the second instance. He said it was fair to the City, and Pace was not obligated to construct detention on the police facility, but they have, and it has been constructed for a long time as he authorized. Mr. Huff said he did it because without any talk about litigation, they had been discussing a resolution to the detention issue and the interest rate issue with which the Board is better familiar.

Mr. Huff said it was the intent and objective to avoid the use of eminent domain in connection with this project, that they might be afforded an opportunity to allow certain property owners to remain in possession of their property longer so they could relocate their businesses. He said they could have forced a closure and used eminent domain, but they did not, and that delayed the closings. He said a different project could have been constructed with the property they had if they had not closed on those properties at all. Mr. Huff said they could have closed in August along with the other properties, but they delayed it to accommodate those property owners and the City leadership. The discussions were this basket of issues and how best to resolve them. The solution was that Pace would agree to the rate applicable to the TIF and the TDD, and Pace would construct the detention facility which required Pace to commence the construction on the detention facility many months ago.

Mr. Huff said that what he was deeply interested in before they started doing that was that there was an understanding shared by all the principal members in the room, but evidently, that was not the case, and they have not had that happen in the history of their company. Mr. Huff said he is still baffled as to how that information is being presented, because it looks as if two parties, Pace and the City, never had the intention of suing one another on an issue like this. He said he does not believe it was ever the intent of the City on something this minor to ever position itself in this situation with what is now the largest single property owner and the largest single corporate citizen. He said with the relationship that exists now, discussion about litigation

is silly. He said this comes out very good for the City of Manchester in the end; it represents an economic savings to the City, and additionally, the detention basin which was built at a cost to Pace of \$350,000, would be at no cost to the City of Manchester. Mr. Huff said that is a great result for the City. He said that Pace will accrue less interest in this arrangement than they would have if they did not amend the document, but still, he considers that resolution fair, more fair to the City and less fair to Pace Properties, but it is adequately fair to Pace Properties, and that is why many months ago he told Mr. Feder that is what they would do, as long as there is an understanding.

Mr. Huff said that there is no understanding, and there is no point in discussing why there isn't an understanding, but the facts remain the same, and he does not want to let that get lost in this discussion or in talking about bringing declaratory judgments against the City of Manchester. He said that notion that Pace would be compelled into doing something like that is unthinkable. Mr. Huff said he does want this to rest on the facts, and the facts are good and favorable on the part of the City. He said Pace will go either way. He said Pace will abide and issue the note as it stands today on the TIF backdated to October, if that is the decision of the City leadership, but he does not think that is the right decision for the City because it costs the City of Manchester more, and Pace Properties benefits more from that than with the other arrangement. He said that course was discussed and passed on the course that was ultimately adopted, and that is what Pace asked the Board to vote on at a recent meeting, and it was voted down. Mr. Huff said they would go either way, but they would like to have it resolved with a vote.

Mr. Huff said he does want to make this linkage; it is important that they have come to this point, and he won't deny that there might have been a dispute whether or not they were obligated to construct the detention facility, but the question is not whether there was a dispute, but whether there was a good-faith dispute, and from the perspective of Pace, there was a good-faith dispute. He said they did not feel they were obligated and therefore did not need to construct the very costly detention facility, but they have. Mr. Huff said they are prepared to deliver this police pad, but he is fearful that they cannot do so, because the way this has turned out. He said it has become so adverse to their company that if they do not get it resolved in this matter, they will have to proceed as Mr. Feder suggested, and he does not think that is in the best interest of anyone in the room.

6. REPORTS FROM THE MAYOR

a. Mayoral Report

Mayor Willson advised that he went to the Homecoming meeting, and everything seems to be in place for the upcoming event; the Police Department and Parks Department are doing a great job getting ready for Homecoming. He attended the staff meeting on Thursday, stopped in at the new West County Chamber of Commerce office and officially welcomed them to Manchester, attended a coffee at Sam's which was graciously hosted by the West County Chamber of Commerce, and at the coffee, he met five business owners in the City of Manchester

and he learned they were complimentary about the courteous treatment they receive when they deal with the City staff. Mayor Willson said that on a regular basis, he does neighborhood drive-thru's, and he stops and visits with residents. He said that this weekend, he stopped and visited with residents in Wards One and Three; introduced himself as the Mayor which shocked the people, and he had some nice visits with about a dozen families. He said that one family in Ward Three went into great detail to tell about how helpful the Planning and Zoning staff was when they were doing a home addition, and they were also very complimentary about the police force and the people at City Hall.

Mayor Willson said that on Friday, he was asked to serve on the St. Louis County Municipal League Legislative Committee for 2009, so he will be representing the City of Manchester, and he thinks it will be a great opportunity for Manchester to have someone on that committee to represent the City in Jefferson City in November with plans and concerns.

Mayor Willson reminded everyone about National Night Out, advised there is a concert on Friday at Schroeder Park, and he reminded everyone to go to vote the next day.

7. REPORTS FROM THE CITY ADMINISTRATOR

a. List of Paid Bills (Warrant dates of July 18, 2008 – August 1, 2008)

There were no questions.

b. Employee and Family Picnic

City Administrator Ed Blattner advised that the Employee and Family Picnic has been tentatively scheduled for August 22, and he asked that responses be given to the City Clerk by August 15 to get a count of attendees.

c. Bid Opening – Trash Contract

City Administrator Ed Blattner advised that the bid opening for the upcoming trash contract would take place the next morning at 10:00 a.m.; he stated the bid opening is open to the public.

d. Front Counter Security

City Administrator Ed Blattner advised that the front counter security work is underway, and hopefully that will be completed by the end of the next week.

8. REPORTS FROM COMMITTEES

a. Planning and Zoning Commission

Alderman Clement stated that at the meeting on July 28, there were two cases, one was a site plan at 310 Glan Tai, for an expansion to help a handicapped resident at that house; it was approved 6 – 0. He said the other case was an initial discussion regarding the sign ordinance. He said that the Planning and Zoning Commission is going to review that Ordinance, particularly in light of some of the changes being seen with electronic signs. He said there had been discussion about an electronic sign for the Police Facility and for Eagle Bank. The Commission is looking at how the Ordinance might be modified and how restrictions might be built into whatever changes are considered.

b. Historic Review Commission

Alderman Steinbrenner said they continue to review the new and improved design of the Veterans' Memorial. She said that Mr. Jahneke desires to show a model of this at the next meeting of the Board of Aldermen, and there will be discussion in preparation for Homecoming to present to the public and to sell pavers.

9. ACTION ON OLD BILLS

a. BILL # 08-1993 – AN ORDINANCE AMENDING THE CODE OF ORDINANCES REGARDING JUVENILES WEARING HELMETS WHILE OPERATING CERTAIN RECREATIONAL EQUIPMENT

This item was postponed to the August 18, 2008 meeting.

10. INTRODUCTION OF NEW BILLS

a. BILL APPROVING FOURTH AMENDMENT TO THE REDEVELOPMENT AGREEMENT REGARDING SIGNAGE

Alderman Clement introduced Bill # 08-1995, entitled: "AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE ON BEHALF OF THE CITY OF MANCHESTER, MISSOURI, A FOURTH AMENDMENT TO REDEVELOPMENT AGREEMENT IN CONNECTION WITH THE HIGHWAY 141/MANCHESTER ROAD REDEVELOPMENT PLAN", by title only.

Alderman Clement said that this amendment focuses on Eagle Bank which has now opened, and the official grand opening will be on Wednesday. He asked Director of Planning, Zoning and Economic Development to bring the members of the Board up to date.

Director of Planning, Zoning, and Economic Development Franz Kraintz said that Eagle Bank has been in a temporary location for a number of years ever since they came to Manchester, and in so doing, they also needed a pylon sign which has been along Manchester Road for a similar amount of time. Mr. Kraintz stated that Eagle Bank received a variance to locate that temporary sign, but all along realizing they were relocating to a new site and believing this sign would be relocated with them.

Mr. Kraintz said that through the course of designing the construction standards for the Manchester Highlands development, the sign standards were written in a way that required that signage in the Manchester Highlands would be ground signage and that there be no changeable messages. He said that in hindsight, this was somewhat of an oversight that these limitations and restrictions were in there, because it adversely affected Eagle Bank's plans to move their current sign which has changeable electronic messages. Mr. Kraintz advised that the Fourth Amendment would make the Eagle Bank sign exempt from those standards. He said that Eagle Bank has gone to a compromise of changing the pylon sign to a ground monument sign, so in that respect, they have met the standards of the Redevelopment Agreement, but the electronic message sign they currently have would be relocated as a whole package on the ground base which is made of brick.

Alderman Clement said this had been discussed at the last Planning and Zoning meeting in conjunction with the initial discussion about taking another look at the sign Ordinances in the City. He said the Planning and Zoning Commission members were unanimous in their consensus that this is something that they would support. Alderman Clement asked how many of this type of sign already exist in the City.

Mr. Kraintz answered that there are seven such signs; several of them have variances and others were permitted with a static sign and while it was electronic, it was not allowed to move for some certain frequency. He said there are actually six such signs and one electronic window sign, and there is interest in having more of these signs.

Alderman Clement asked Mr. Kraintz for his opinion regarding this request.

Mr. Kraintz responded that he thinks it goes a long way to meet the spirit and intent of what was proposed with the Redevelopment Agreement and the standards for the signage. He discussed the research that has been done for the text amendments which are being considered in regard to the sign code. He said this is the type of sign that will be very attractive in front of their building and is necessary for them.

Mr. Rick Randall of Pace Properties, 1401 South Brentwood, said that he had spoken to the Board a few weeks ago on this issue. He said this was one of those issues in a very complicated deal that slipped through the cracks and it was an issue whereby Eagle Bank was convinced that sign was going with them. He said they have been a great partner for the City and for Pace and for

the overall redevelopment. Mr. Randall said that Pace Properties has put Eagle Bank through some trying times, and they have agreed to a lot of things that have helped the project move forward in the face of difficult weather conditions and many other things, and there is the understanding that this is something that should have been addressed a few years ago. He said they are not suggesting any changes to the overall project sign Ordinance; this is only a request for an accommodation for Eagle Bank.

Alderman Ryan clarified with Mr. Randall the sign size as a maximum of 300 square feet and the height as shown on the drawing.

Alderman Clement said that emergency legislation had been requested. He made a motion for approval of emergency legislation. The motion was seconded by Alderman Ottenad and carried unanimously.

Alderman Clement read for the second time Bill # 08-1995, entitled: "AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE ON BEHALF OF THE CITY OF MANCHESTER, MISSOURI, A FOURTH AMENDMENT TO REDEVELOPMENT AGREEMENT IN CONNECTION WITH THE HIGHWAY 141/MANCHESTER ROAD REDEVELOPMENT PLAN", by title only.

Alderman Clement made the motion that Bill # 08-1995 become Ordinance # 08-1894. The motion was seconded by Alderman Ottenad.

A poll of the Board showed:

Alderman Ottenad – aye
Alderman Clement – aye
Alderman Steinbrenner – aye
Alderman Hamill – aye
Alderman Ryan – aye
Alderman Diehl – aye

Mayor Willson announced the motion passed 6 – 0.

b. BILL ESTABLISHING THE FISCAL YEAR 2008 PROPERTY TAX RATE

Alderman Ryan introduced Bill # 08-1996, entitled: "AN ORDINANCE ESTABLISHING AND LEVYING THE RATE OF TAXATION UPON ALL REAL AND PERSONAL PROPERTY IN THE CITY OF MANCHESTER FOR CALENDAR YEAR 2008", by title only.

Alderman Ryan said this Ordinance establishes that the 2008 tax rate remain unchanged.

No further action at this time.

c. **BILL REAFFIRMING PROCEDURE PROVIDING FOR DISCLOSURE OF
POTENTIAL CONFLICTS OF INTEREST OF MUNICIPAL OFFICIALS**

Alderman Diehl introduced Bill # 08-1997, entitled: "AN ORDINANCE RE-AFFIRMING THE PROVISIONS OF SECTIONS 120.010 THROUGH 120.070 OF THE CODE OF ORDINANCES OF THE CITY OF MANCHESTER, WHICH SECTIONS ESTABLISH A PROCEDURE TO PROVIDE FOR THE DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST AND SUBSTANTIAL INTEREST FOR CERTAIN MUNICIPAL OFFICIALS OF THE CITY OF MANCHESTER", by title only.

No further action at this time.

d. **BILL AUTHORIZING APPROPRIATION OF FUNDS FOR DEFEASANCE AND
REDEMPTION OF A PORTION OF THE CITY'S GENERAL OBLIGATION
BONDS PRIOR TO MATURITY**

Alderman Ottenad introduced Bill # 08-1998, entitled: "AN ORDINANCE AUTHORIZING THE APPROPRIATION OF NOT TO EXCEED \$620,000 FOR THE DEFEASANCE AND REDEMPTION PRIOR TO MATURITY OF A PORTION OF THE CITY'S GENERAL OBLIGATION BONDS, SERIES 2003; AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS AND CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH", by title only.

Ms. Laura Radcliffe of Stifel Nicholas advised that the defeasance is taking excess funds that have been collected and paying down debt, which saves money. She said that by paying debt in advance of the maturity date of the bonds, the City is actually saving interest costs that would have been paid had those bonds remained out until maturity. She said it is also something that must be done in order to preserve the property tax rate and to proceed in accordance with the State Auditor's guidelines.

Ms. Radcliffe explained that the calculation of the property tax rate for future use is going to be a function of how much the City has to pay on the debt. By paying debt down now, the City is avoiding a potential increase in the future property tax rate and also keeping the property tax rate at its current level, so both of those things are accomplished.

Answering Alderman Clement's question, Ms. Radcliffe stated that the amount defeased will probably be less than \$620,000. She said that it is a function of how much has been collected in the Debt Service Fund, which are monies that can only be used for debt services, not for other purposes of the City. She said the amount of excess in that fund is a little more than \$620,000.

Answering Alderman Clement's question, Ms. Radcliffe said that to explain her comment of prepaying the bonds, the principal is not being paid off immediately because there is a "call protection" period; it is not like a mortgage where you can pay off principal immediately. She said the money is kept in escrow and used to pay off the bonds on a "call date", which is in 2012. She said the \$620,000 actually pays off what would have amounted to \$648,000 of principal plus interest. She said the reason the exact amount is not known today is that on the actual day of doing the defeasance, the City will be purchasing U. S. Government Treasuries to put into that escrow fund, and the price of those securities changes daily.

No further action at this time.

- e. BILL AMENDING THE 2008 BUDGET TO COVER CHANGES IN SALARIES, WAGES, AND BENEFITS

Alderman Steinbrenner introduced Bill # 08-1999, entitled: "AN ORDINANCE AMENDING ORDINANCE NO. 07-1838 ADOPTING AND APPROVING THE BUDGET FOR THE CITY OF MANCHESTER FOR THE YEAR JANUARY 1, 2008 THROUGH DECEMBER 31, 2008, BY REVISING THE ESTABLISHED BUDGET IN THE AMOUNT OF THREE THOUSAND EIGHT HUNDRED FIFTY DOLLARS (\$3,850.00) TO COVER SALARIES, WAGES, AND BENEFITS FOR THE CITY OF MANCHESTER", by title only.

No further action at this time

11. MISCELLANEOUS

- a. Comments from the Public

There were none.

12. EXECUTIVE SESSION

- a. Closed Session: Pursuant to Section 610.021 (1) of the Revised Statutes of the State of Missouri pertaining to legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communication between a public governmental body or its representatives and its attorneys, and Closed Session: Pursuant to Section 610.021 (2) of the Revised Statutes of the State of Missouri pertaining to the leasing, purchase or sale of real estate by a public governmental body where public knowledge of the transaction might adversely affect the legal consideration therefore.

Alderman Steinbrenner made the motion to go into Closed Session: Pursuant to Section 610.021 (1) of the Revised Statutes of the State of Missouri pertaining to legal actions, causes of

action or litigation involving a public governmental body and any confidential or privileged communication between a public governmental body or its representatives and its attorneys, and Closed Session: Pursuant to Section 610.021 (2) of the Revised Statutes of the State of Missouri pertaining to the leasing, purchase or sale of real estate by a public governmental body where public knowledge of the transaction might adversely affect the legal consideration therefore. The motion was seconded by Alderman Clement.

A poll of the Board showed:

Alderman Clement – aye
Alderman Steinbrenner – aye
Alderman Hamill - aye
Alderman Ryan – aye
Alderman Diehl – aye
Alderman Ottenad – aye

Mayor Willson announced the motion passed 6 – 0.

13. ADJOURNMENT

At 10:03 p.m., there being no further business, Alderman Ryan made the motion to adjourn. The motion was seconded by Alderman Clement and carried unanimously. The meeting adjourned at 10:03 p.m.

Respectfully submitted,

Ruth E. Baker, MRCC
City Clerk